

Statement Date: August 11, 2012



V000085

ALAN D. SUGARMAN AND FAMILY
17 W. 70TH ST.
APT. 4
NEW YORK NY 10023



Benefit Center

www.morganstanley.com/benefits



Morgan Stanley Benefit Center

1-877-MSHR-411

between 8 a.m. and 6 p.m. Eastern Time,
Monday through Friday, except certain
U.S. holidays.

Health and Insurance Plans COBRA Enrollment Notice

This notice contains important information about your right to continue your Morgan Stanley health coverage. Please read the information contained in this notice very carefully and keep it for your records.

As a result of M.R.'s Termination on **August 10, 2012**, your current group health plan coverage ends as listed in the following table. You may choose to remain covered under your current group health plan for up to **18 months**. This coverage is provided through the Consolidated Omnibus Budget Reconciliation Act and is often referred to as "COBRA" coverage.

COBRA continuation coverage will begin as listed below.

Group Health Plan	Coverage End Date	COBRA Coverage Begin Date
Medical	08-31-2012	09-01-2012
Dental	08-31-2012	09-01-2012
Vision	08-31-2012	09-01-2012

The cost of COBRA continuation coverage depends on the coverage you select and whom you cover. Detailed cost information is provided in the Group Health Coverage section of this notice.



Enrollment

To enroll in COBRA coverage, call the Morgan Stanley Benefit Center at **1-877-MSHR-411 (1-877-674-7411)** no later than **October 31, 2012**. You can enroll yourself and your covered family members. If you don't enroll within that time frame, you forfeit your rights to COBRA coverage.

Each qualified beneficiary has a separate right to elect COBRA continuation coverage. The Family Information page lists each of your covered family members and indicates which individuals are qualified beneficiaries.

Group Health Coverage

Below are the coverage options available to you and the monthly cost of each option for the remainder of the current plan year. The Family Information section of this notice lists your dependents currently on file. Only those dependents who were covered prior to the qualifying event may continue coverage under a particular group health plan.

- **Medical**

		Coverage Category
Option		1 Yourself Only
0	No Coverage	\$0.00
9	UHC Premier Plan	\$529.21

- **Dental**

		Coverage Category
Option		1 Yourself Only
0	No Coverage	\$0.00
2	MetLife Dental - Premier	\$49.07

• **Vision**

		Coverage Category
		1 Yourself Only
Option		
0	No Coverage	\$0.00
1	VSP	\$10.38

Events That May Change Continued Coverage

Once your COBRA coverage begins, you may be able to change your COBRA coverage elections based on plan rules if you experience a qualified change in status. You must notify the Morgan Stanley Benefit Center by calling **1-877-MSHR-411 (1-877-674-7411)** within 31 days of the qualified change in status to change your COBRA coverage. See your Summary Plan Description for detailed information on allowable changes in status. Adding family members to COBRA coverage may result in a higher premium for this additional coverage.

You may also change COBRA coverage if a child is born to the covered employee or placed for adoption with the covered employee during the 18-, 29-, or 36-month continuation period. In such case, you must notify the Morgan Stanley Benefit Center by calling **1-877-MSHR-411 (1-877-674-7411)** within 31 days of the birth or placement to cover the new dependent as a qualified beneficiary under COBRA. There may be a higher premium for this additional coverage.

When Coverage Ends

COBRA coverage will end automatically as detailed below:

Group Health Plan	COBRA Coverage End Date
Medical	02-28-2014
Dental	02-28-2014
Vision	02-28-2014

In addition, COBRA coverage will end automatically if any of the following situations occur:

- Morgan Stanley stops providing group health benefits;



- Premiums are not paid within 30 days of the due date (with the exception of the initial premium, which is due within 45 days of your election date); or
- A person eligible for continued benefits becomes covered under any other group health plan (unless the health plan has an enforceable preexisting condition clause) or becomes entitled to Medicare.

Billing Information

Once enrolled, you'll receive your first bill for the cost of continuing your coverage from the date your coverage ended through the end of the month in which you make your COBRA election. You must submit your first payment within 45 days of when you elected COBRA coverage.

Following your first payment, you'll be billed each month. Monthly payments are due on the first day of each month. If you fail to submit monthly payments within 30 days of the due date, your coverage will end retroactive to the last day of the last month for which you paid for coverage. Coverage can't be reinstated. All valid payments received will be deposited. Any payments deposited after the coverage was dropped will be refunded and won't extend your coverage.

Address Information

Be sure to keep your current address information up to date with the Morgan Stanley Benefit Center by calling **1-877-MSHR-411 (1-877-674-7411)**. Doing so is the only way to ensure that important benefit information will reach you.

For More Information

If you need additional information, access the Benefit Center website at **www.morganstanley.com/benefits** (also available through the intranet) or call the Morgan Stanley Benefit Center (toll-free) at **1-877-MSHR-411 (1-877-674-7411)**. Outside the United States, call (toll) **1-718-354-1343**. Morgan Stanley Benefit Center Representatives are available between 8 a.m. and 6 p.m., Eastern Time, Monday through Friday, except certain U.S. holidays.

Other Important Information

Whenever you use the Benefit Center to initiate a transaction, whether online or with a Benefit Center Representative, you are authorizing the Plan Administrator to process each election as if you had given your written, signed authorization to do so. Morgan Stanley and the Plans are not responsible for any delay in processing transactions due to system unavailability, incomplete information, administrative delay or other reasons. You are responsible for ensuring that your elections are correctly reflected on confirmations, statements and the Benefit Center website. If you do not contact the Benefit Center immediately to correct any errors, you may not do so at a later date and you may be entitled only to the benefits shown. In its discretion, the Plan Administrator retains the right to correct any errors it discovers, subject to the terms of the Plan.

The Plan Administrator reserves the right to verify any dependent's eligibility for benefits. Intentionally providing false or misleading information concerning yourself or others may subject you to legal or disciplinary action, if any, including termination of employment and cancellation of executive compensation, as applicable. If dependent coverage is listed, this statement is not a guarantee of any dependent coverage; each Plan has the ultimate authority for determining dependent eligibility based on that Plan's coverage rules. See the Summary Plan Descriptions (SPDs) for details.

Any inconsistency between the terms of any electronic, written or verbal communication and the official Plan document will be governed by the Plan document. Although Morgan Stanley expects to continue its benefit plans indefinitely, Morgan Stanley and its affiliates necessarily reserve the right to amend, modify or discontinue its plans at any time.



Family Information

Below is the information on file for you and your dependents. To protect your privacy, Social Security numbers aren't shown. The Qualified Beneficiary row indicates dependents who are considered qualified beneficiaries. Qualified beneficiaries have independent COBRA election rights and can elect to continue group health plan coverage for themselves if you decline coverage.

- **Person Information**

	Dependent No. 1
Name	ALAN D. SUGARMAN
Birth Date	Redacted
Gender	Male
Relationship	Spouse
Disabled Dependent	
Qualified Beneficiary	Yes

- **Coverage Information**

	Dependent No. 1
Medical	Yes
Dental	Yes
Vision	Yes

Please read and keep this information for future reference.

Important Information

About Your COBRA Continuation Coverage

If you've decided to continue your health care coverage under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), the following information will help you understand and use your COBRA benefits.

What is COBRA continuation coverage?

Federal law requires that most group health plans (including Morgan Stanley plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under Morgan Stanley plan. Depending on the type of qualifying event, "qualified beneficiaries" can include employees, retirees, their spouses, and their dependent children covered by Morgan Stanley plan.

COBRA continuation coverage is the same coverage that Morgan Stanley plan gives to other plan participants who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under Morgan Stanley plan as other plan participants, including open enrollment and special enrollment rights.



How long will continuation coverage last?

COBRA establishes required periods of coverage for the continuation of health care benefits. In general, the length of COBRA coverage for each qualifying event is as follows:

Length of COBRA coverage	Up to 18 months	Up to 29 months	Up to 36 months
Eligibility	Employee/Retiree, covered spouse, and/or other covered dependents	Disabled employee, covered spouse, and/or other covered dependents	Covered spouse and/or other covered dependents
Qualifying Event(s)	Loss of coverage due to: <ul style="list-style-type: none"> • End of employment • Reduction in hours 	Coverage is available to employees, spouses, and/or other dependents enrolled in COBRA who have been deemed disabled by the Social Security Administration prior to the qualifying event, or at any time during the first 60 days of COBRA coverage.	Loss of coverage due to: <ul style="list-style-type: none"> • Divorce or legal separation • The loss of a dependent child's eligibility for health care coverage under the employer's plan • Employee's Medicare entitlement • Employee's Death

When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of the Medicare entitlement.

This notice shows the maximum period of continuation coverage available to the qualified beneficiaries. Read the enclosed COBRA Enrollment Notice for details.

Continuation coverage will be terminated before the end of the maximum period if:

- Any required premium is not paid in full on time;
- A qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any preexisting condition exclusion for a preexisting condition of the qualified beneficiary;
- A covered employee becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage; or
- The employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

How can you extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the Morgan Stanley Benefit Center of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.



Disability

COBRA coverage may be available for your family for up to 29 months at a higher premium if all the following events occur:

- You, your covered spouse, or your covered dependents (including newborn and newly adopted children) are determined to be disabled, as defined by the Social Security Act, prior to the qualifying event or during the first 60 days of COBRA coverage;
- The Social Security Administration's (SSA) disability determination is received within the disabled individual's 18 months of COBRA coverage;
- The disability must last at least until the end of the 18-month period of continuation coverage; and
- The Morgan Stanley Benefit Center is notified of the Social Security Administration's disability determination within 60 days of the disabled qualified beneficiary's receipt of a Social Security Disability award. If the disability determination occurred before COBRA coverage started, you're required to notify the Morgan Stanley Benefit Center within the first 60 days of COBRA coverage.

Each covered family member who has elected continuation coverage will be entitled to the 11-month disability extension if one covered family member qualifies. To receive the coverage extension, you, your covered spouse, or your covered dependents must notify the Morgan Stanley Benefit Center by calling **1-877-MSHR-411 (1-877-674-7411)**.

If the disabled individual is determined by the SSA to no longer be disabled, you, your covered spouse, or your covered dependents must notify the Morgan Stanley Benefit Center within 30 days after SSA's determination by calling **1-877-MSHR-411 (1-877-674-7411)**.

Second Qualifying Event

An 18-month extension of coverage may be available to your spouse and dependents if a second qualifying event occurs during their first 18 months of COBRA continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. These second qualifying events include:

- The employee's death
- The employee's divorce or legal separation
- The employee's entitlement to Medicare (under Part A, Part B, or both)
- A dependent's loss of coverage under Morgan Stanley-provided health plan

These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under Morgan Stanley-provided health plan if the first qualifying event had not occurred.

To receive this additional coverage, you, your covered spouse, or your covered dependents must notify the Morgan Stanley Benefit Center within 60 days after a second qualifying event occurs. To notify the Morgan Stanley Benefit Center of the second qualifying event, call **1-877-MSHR-411 (1-877-674-7411)**.

Military Leave

If your qualifying event was active military leave, you may be eligible for a total of 24 months of continued coverage. Please contact the Morgan Stanley Benefit Center for additional information.

How can you elect COBRA continuation coverage?

To elect continuation coverage, you must call the Morgan Stanley Benefit Center at **1-877-MSHR-411 (1-877-674-7411)** by the enrollment deadline provided on the COBRA Enrollment Notice.

Each qualified beneficiary has a separate right to elect continuation coverage. For example, a spouse may elect continuation coverage even if an employee does not. Continuation coverage may be elected for only one, several, or all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all the qualified beneficiaries.



In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having preexisting condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such preexisting condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How much does COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an extension of continuation coverage due to a disability, 150%) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in the COBRA Enrollment Notice.

When and how must payment for COBRA continuation coverage be made?

First Payment for Continuation Coverage

If you elect continuation coverage, you do not have to send any payment at the time you enroll by calling the Morgan Stanley Benefit Center at **1-877-MSHR-411 (1-877-674-7411)**. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. If you do not make your first payment for continuation coverage, in full, not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. You will receive a Billing Notice confirming the amount of the payment. Contact the Morgan Stanley Benefit Center at **1-877-MSHR-411 (1-877-674-7411)** if you have questions about your first payment.

Payments should be sent to:

MORGAN STANLEY
P.O. BOX 1058
CAROL STREAM IL 60132-1058

Note: When you mail your payment, make sure you allow for normal mail delivery time--plus an additional two business days--for your payment to be received and processed by your benefits administrator.

Periodic Payments for Continuation Coverage

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown on the enclosed COBRA Enrollment Notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due as described in the Billing Information section on the COBRA Enrollment Notice. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without a break. You will receive a Billing Notice each period that lists the amount due for the coverage period.



Grace Periods for Monthly Payments

Although monthly payments are due on the due date, you'll be given a grace period after the first day of the coverage period to make each monthly payment. The due date and the length of the grace period are listed in the Billing Information section of the COBRA Enrollment Notice. Your continuation coverage will be provided for each coverage period as long as payment for that period is made before the end of the grace period for that payment. However, if you make a monthly payment after the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage will be suspended as of the first day of the coverage period and then retroactively reinstated to the first day of the coverage period when periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a monthly payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plans.

Why is COBRA coverage so expensive?

The cost of the monthly premiums for COBRA can come as a surprise if you're accustomed to your employer paying a portion of the cost of health insurance. When you choose COBRA coverage, you must pay the full monthly premium amount (the total of what you and your employer were paying for your coverage), plus a 2% administration fee, as allowed by law.

In addition, your first monthly premium payment (due within 45 days of your COBRA enrollment) is likely to be higher than subsequent payments because it may include more than one month of coverage and is retroactive to the date that you lost your employer-provided coverage.

When can I enroll?

You, your covered spouse, and/or your covered dependent(s) have the right to choose COBRA coverage independently. If you or they decide to enroll, COBRA elections must be made within **60** days of the date that coverage is lost or within **60** days of the statement date on the COBRA Enrollment Notice you receive, whichever is later. If this election period is missed, you and your eligible dependent(s) will lose the opportunity to continue coverage under COBRA.

When does COBRA coverage become effective?

Once you enroll in COBRA coverage and make your first payment, coverage is effective retroactive to the date your active group health coverage ended. A number of factors can impact how quickly your COBRA enrollment is completed, as the following chart shows.

What	Coverage ends due to a qualifying event.	Your benefits administrator is notified of a qualifying event.	When notified by your employer, your benefits administrator mails a COBRA Enrollment Notice to eligible individuals.	Length of time to make COBRA elections.	Length of time to pay first monthly premium.	Length of time to pay ongoing monthly premiums.
When		For employer notification - within 30 days of your qualifying event. For self-notification - within 60 days of your qualifying event.	Within 14 days of receiving notification of qualifying event.	Within 60 days of the date you lose coverage, or the statement date on the COBRA Enrollment Notice, whichever is later.	Within 45 days of the date you elect COBRA coverage, you will be billed.	Generally, due on the first day of each month. Check your bill to determine when your payment is due.

Note: For the following qualifying events--divorce or legal separation, dependent child ineligibility for coverage, or death--you, your spouse, and/or covered dependent(s) must notify your benefits administrator of the change.



Will I receive a new medical plan ID card after I enroll?

It depends. Not all health plans will issue new ID cards when you transition from your employer-sponsored coverage to COBRA coverage. If you do enroll in a health plan that provides new ID cards to COBRA enrollees, you should expect to receive your ID card approximately four to six weeks after your enrollment. Generally, your enrollment will be on file with your health plan within two weeks of making your COBRA elections. If you need access to health care services before you receive your ID card, please contact your health plan.

When can I make changes to or drop my COBRA coverage?

Generally, you, your covered spouse, and other covered dependents have the same rights and restrictions as other plan participants to change your coverage during the year and at annual enrollment. In addition, you have the freedom to make election decisions independently from one another. Keep in mind that enrollment in a Health Care Spending Account (HCSA) is limited to individuals participating in a HCSA at the time of the qualifying event, and continues only until the end of the current plan year.

If you want to make a change to or drop your COBRA coverage outside of the annual enrollment period, you may need to demonstrate proof of a qualified change in status (such as marriage, divorce, or the birth or adoption of a child). Make sure you notify your benefits administrator of your change in status within the required time period that is stated in your plan rules.

For More Information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your Summary Plan Description or from the Plan Administrator.

If you have any questions concerning the information in this notice or your rights to coverage, you should contact the Morgan Stanley Benefit Center at **1-877-MSHR-411 (1-877-674-7411)**. If you want a copy of your summary plan description, contact Morgan Stanley.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at **www.dol.gov/ebsa**. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

Keep Your Plan Informed of Address Changes

In order to protect your and your family's rights, you should keep the Morgan Stanley Benefit Center informed of any changes in your address and the addresses of family members. You should also keep a copy, for your records, of any notices you send to or receive from the Morgan Stanley Benefit Center.

